

**CITY OF BUHLER, KANSAS**

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**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2014**

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**George, Bowerman & Noel, P.A.**  
*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
City Council  
Buhler, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Buhler, Kansas (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Buhler, Kansas, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

George Bowerman & Noel, P.A.

Wichita, Kansas  
May 14, 2015

## **CITY OF BUHLER, KANSAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Year Ended December 31, 2014**

As management of the City of Buhler, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

#### **FINANCIAL HIGHLIGHTS**

- The total assets of the City exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$3,951,212 (net position). Of this amount, \$256,192 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.
- The City's total net position decreased by \$17,173 of which there was an increase of \$26,154 for governmental activities and a \$43,327 decrease is attributed to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$310,805. Of this balance, \$16,097 is restricted for future use, \$180,815 is committed, \$37,924 is assigned and \$75,969 is unassigned.
- At year-end, the business-type activities of the City reported net position of \$2,498,258.
- At the end of the current fiscal year, fund balance for the General Fund was \$110,791 or 19% of the total General Fund 2014 expenditures and transfers out.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used compensated absences).

Both of the government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public improvements, street improvement and maintenance, planning and zoning, recreation, sanitation services and other activities. The business-type activities include water and sewer utility services.

The government-wide financial statements include not only the City itself, but also the Buhler Public Library, Buhler Recreation Commission, Buhler Economic Development Board and Buhler Wellness Center Board which are legally separate entities for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself since they are considered discretely presented component units.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 9 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Capital Equipment Reserve, Capital Improvement Reserve and Debt Service Funds, all of which are considered major funds. Data from the remaining 5 governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The basic governmental fund financial statements can be found on pages 13 to 20 of this report.

**Proprietary Funds** – The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for both enterprise funds, which are considered major funds of the City. The proprietary fund financial statements can be found on pages 21 to 25 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 to 47 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$3,951,212 as of December 31, 2014.

The largest portion of the City's net position (71%) reflects its investments in capital assets (e.g., land, buildings and improvements, and machinery and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

### CITY OF BUHLER'S NET POSITION

December 31, 2014

(with comparative amounts at December 31, 2013)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,180,828	\$ 1,269,472	\$ 409,826	\$ 410,073	\$ 1,590,654	\$ 1,679,545
Capital assets	<u>1,203,878</u>	<u>1,149,680</u>	<u>3,828,269</u>	<u>3,977,745</u>	<u>5,032,147</u>	<u>5,127,425</u>
Total assets	<u>2,384,706</u>	<u>2,419,152</u>	<u>4,238,095</u>	<u>4,387,818</u>	<u>6,622,801</u>	<u>6,806,970</u>
Long-term liabilities	615,046	688,909	1,714,422	1,819,127	2,329,468	2,508,036
Other liabilities	<u>7,375</u>	<u>3,759</u>	<u>25,415</u>	<u>27,106</u>	<u>32,790</u>	<u>30,865</u>
Total liabilities	<u>622,421</u>	<u>692,668</u>	<u>1,739,837</u>	<u>1,846,233</u>	<u>2,362,258</u>	<u>2,538,901</u>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred inflows of resources: – property taxes receivable	\$ 309,331	\$ 299,684	\$ –	\$ –	\$ 309,331	\$ 299,684
Net position:						
Investment in capital assets, net	668,878	534,680	2,143,283	2,187,286	2,812,161	2,721,966
Restricted for debt service	547,773	618,362	152,264	152,158	700,037	770,520
Restricted for future improvements	–	–	182,822	174,166	182,822	174,166
Unrestricted	<u>236,303</u>	<u>273,758</u>	<u>19,889</u>	<u>27,975</u>	<u>256,192</u>	<u>301,733</u>
Total net position	<u>\$ 1,452,954</u>	<u>\$ 1,426,800</u>	<u>\$ 2,498,258</u>	<u>\$ 2,541,585</u>	<u>\$ 3,951,212</u>	<u>\$ 3,968,385</u>

The City's overall financial position deteriorated slightly, with a decrease in net position of \$17,173 for the current year. Of that decrease, \$26,154 can be attributed to an increase in governmental activities and \$43,327 can be attributed to a decrease in business-type activities. The balance of unrestricted net position of \$256,192 may be used to meet the City's ongoing obligation to citizens and creditors.

**Analysis of the City's operations** – The following table provides a summary of the City's operations for the years ended December 31, 2014 and December 31, 2013.

**CITY OF BUHLER'S CHANGES IN NET POSITION**  
Year Ended December 31, 2014  
(with comparative amounts for the year ended December 31, 2013)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 138,414	\$ 120,452	\$ 440,388	\$ 443,550	\$ 578,802	\$ 564,002
Operating grants and contributions	49,129	36,812	–	–	49,129	36,812
Capital grants and contributions	9,799	5,385	–	–	9,799	5,385
General revenues:						
Property taxes	363,747	355,822	–	–	363,747	355,822
Sales taxes	167,735	161,617	–	–	167,735	161,617
Franchise fees	66,281	60,098	–	–	66,281	60,098
Investment earnings	<u>3,300</u>	<u>3,383</u>	<u>6</u>	<u>6</u>	<u>3,306</u>	<u>3,389</u>
Total revenues	<u>798,405</u>	<u>743,569</u>	<u>440,394</u>	<u>443,556</u>	<u>1,238,799</u>	<u>1,187,125</u>
Expenses:						
General government	134,523	143,014	–	–	134,523	143,014
Public safety	206,801	190,495	–	–	206,801	190,495
Highways and streets	199,653	182,955	–	–	199,653	182,955
Health and sanitation	59,250	62,442	–	–	59,250	62,442
Culture and recreation	169,096	182,523	–	–	169,096	182,523
Economic development	34,070	22,124	–	–	34,070	22,124
Interest on long-term debt	22,491	22,974	–	–	22,491	22,974

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Water	\$ —	\$ —	\$ 253,916	\$ 266,366	\$ 253,916	\$ 266,366
Sewer	—	—	176,172	175,104	176,172	175,104
Total expenses	<u>825,884</u>	<u>806,527</u>	<u>430,088</u>	<u>441,470</u>	<u>1,255,972</u>	<u>1,247,997</u>
Increase (decrease) in net position before transfers	(27,479)	(62,958)	10,306	2,086	(17,173)	(60,872)
Transfers in (out)	<u>53,633</u>	<u>89,264</u>	<u>(53,633)</u>	<u>(89,264)</u>	<u>—</u>	<u>—</u>
Increase (decrease) in net position	26,154	26,306	(43,327)	(87,178)	(17,173)	(60,872)
Net position, beginning of year	<u>1,426,800</u>	<u>1,400,494</u>	<u>2,541,585</u>	<u>2,628,763</u>	<u>3,968,385</u>	<u>4,029,257</u>
Net position, end of year	<u>\$ 1,452,954</u>	<u>\$ 1,426,800</u>	<u>\$ 2,498,258</u>	<u>\$ 2,541,585</u>	<u>\$ 3,951,212</u>	<u>\$ 3,968,385</u>

Total revenues for the governmental activities increased by \$54,836 for the current year. Charges for services increased by \$17,962 and were principally comprised of an increase for a swimming pool surcharge on all utility customers of \$4 per month, an increase of \$22,368 for 2014. The most significant decrease in charges for service was for refuse charges, which decreased by \$4,729. All other operations accounted for the remaining increase of \$323. Operating grants and contributions increased by \$12,317 with an increase in motor fuels tax distributions comprising \$5,325 of this increase. Increased collections of special assessments of \$7,250 comprised the significant portion of the remaining increase. Capital grants and contributions increased by \$4,414 for the current year due primarily to capital contributions received for the sidewalk improvement program of \$3,824 and \$5,725 received from the sale of surplus equipment. The State of Kansas fisheries grant decreased by \$350 for 2014 and other contributions received in 2013 for park improvement decreased by \$4,785 for 2014. General revenue sources increased by \$20,143 for 2014 and can be attributed to increases in property taxes of \$7,925 and increases in franchise fees of \$6,183 and a decrease investment earnings of \$83. Sales taxes increased by \$6,118 indicating a continued positive change in local economic conditions.

Total expenses for the governmental activities increased by \$19,357 for 2014. The significant changes included increases in public safety expenses of \$16,306, street and highway expenses of \$16,698 and economic development expenses of \$11,946. The public safety expenses increased by \$8,448 for salaries and benefit costs and \$890 related to depreciation expense. The remaining \$6,968 increase can be attributed to other operating expenses. The streets and highways expense increase is the result of a more aggressive maintenance and repair program during 2014. Economic development expenses increased due to the additional of a staff position for this function during 2014. The general government expenses decreased by \$8,491 and can be principally attributed to a decrease in depreciation expense of \$6,254 allocated salaries and benefits of \$1,432 to general administration. Health and sanitation expenses decreased by \$3,192 with reduced third-party service costs accounting for that decrease. Culture and recreation expenses decreased by \$13,427 for 2014. Although operating costs increased by \$11,020 for park maintenance, swimming pool operations, recreation and library operations, the City's contribution to the Library Board for its building improvement project decreased by \$25,000 for 2014.

The business-type activity total revenues decreased \$3,162 for 2014. The charges for services revenues for water utility operations increased by \$2,548, which is directly related to customer consumption. There were no rate increases during 2014 as the last increase in rates occurred in November 2009. The sewer charges for services decreased by \$4,197 for 2014. Residential sewer charges are based on the average water consumption during the first three months of the year and comprise approximately 98% of sewer charges. Commercial sewer billings, based on actual water consumption, comprised \$2,543 of the total decrease.

The expenses for business-type activities decreased \$11,382 for 2014, primarily due to a decrease in personnel and benefit costs of \$9,836, commodity expenses of \$383 and reduced depreciation expense of \$1,405. Interest expense on outstanding indebtedness of the utilities decreased by \$3,020 for 2014. Expenses incurred for contractual services increased by \$3,262 for 2014.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental funds** – The focus of the City's funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$310,805. Of the total fund balances, \$16,097 is restricted, \$180,815 is committed, \$37,924 is assigned and \$75,969 is unassigned and available for use within the City's designation and policies.

The General Fund is the primary operating fund of the City. At December 31, 2014, the total fund balance of the General Fund was \$110,791, which is an increase of \$25,616 from 2013. As a measure of the General Fund's liquidity, the total fund balance represents about 19% of the total General Fund expenditures and transfers out for 2014.

The Capital Equipment Reserve fund balance decreased by \$14,237 for 2014. Transfers from the General Fund were reduced by \$2,000 from 2013 and were \$3,000 for 2014. In addition, proceeds from the sale of surplus equipment were received during 2014 of \$5,275. Total expenditures increased by \$18,224 for 2014 and included \$18,200 towards the acquisition of a new police car.

The Capital Improvement Reserve Fund reflects a decrease in fund balance for 2014 in the amount of \$45,329. Transfers from the General Fund (\$6,000) and Waterworks Utility Fund (\$10,140) reflect a decrease from 2013 of \$53,860. A new revenue source was established in March 2014 consisting of a \$4 per month surcharge on all utility customer billings to assist in covering swimming pool repair and maintenance expenses. Revenues for the new surcharge for 2014 totaled \$22,368. Expenses increased by \$52,522 from 2013 to \$87,661 with the most significant expense items representing \$64,755 for repairs to the municipal swimming pool and \$18,821 for a new severe weather warning siren.

The Debt Service Fund reflects an increase in fund balance of \$5,670 as the result of decreased debt service expenses of \$2,581 with ad valorem property taxes and special assessment taxes increasing by a total of \$11,181 for 2014.

Proprietary funds – The City’s proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Waterworks System operating revenues increased \$1,035, as customer water consumption was flat for 2014. Sewage Treatment revenues, based partially on water usage, remained relatively flat with charges for services decreasing only \$4,197. Operating expenses which correlate to consumption decreased by \$11,198 for the Waterworks System and increased by \$2,836 for the Sewage Treatment Fund. Unrestricted net position of the Waterworks System and Sewage Treatment funds was \$19,889 at year-end and represents an \$8,086 decrease from 2013 due to a \$10,140 transfer to the Capital Improvements Reserve Fund from the Waterworks System fund during 2014.

**General Fund Budgetary Highlights** – The General Fund total actual revenues were less than the amount anticipated in the 2014 budget by \$3,439, or less than 1%. Budgetary expenditures totaled \$578,898, which represented 92% of the budgeted expenditures for 2014. The result was an increase in budgetary basis fund balance for the General Fund in the amount of \$24,923. The General Fund budgetary fund balance at year-end was \$89,553 with the 2015 budget anticipating a carryover balance of \$34,882.

## CAPITAL ASSETS

The City’s investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$1,203,878 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, machinery and equipment. The City’s investment in capital assets for its business-type activities was \$3,828,269 (net of accumulated depreciation) at December 31, 2014. During 2014 the City added \$154,149 of capital assets related to governmental activities and there were no new additions of capital assets related to business-type activities. Major capital asset events during the current fiscal year included the following:

- Municipal swimming pool improvements totaling \$64,755.
- Curb and gutter improvements at a cost of \$8,936.
- Purchase of a new Police Department patrol vehicle at a cost of \$21,200.
- A new severe weather warning siren totaling \$18,821.
- Street improvements totaling \$37,754.
- Purchase of a new air compressor for Public Works Department at a cost of \$1,114.
- Acquisition of a new laptop computer for the Administration Department at a cost of \$751.

- Sidewalk and ADA improvements totaling \$818.

**Capital Assets at Year-End  
Net of Accumulated Depreciation**  
December 31, 2014  
(with comparative amounts at December 31, 2013)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 95,431	\$ 95,431	\$ 9,502	\$ 9,502	\$ 104,933	\$ 104,933
Buildings	75,796	83,348	986,433	1,011,121	1,062,229	1,094,469
Improvements other than buildings	166,493	118,259	2,110,543	2,184,680	2,277,036	2,302,939
Machinery and equipment	89,932	67,241	721,791	772,442	811,723	839,683
Infrastructure	<u>776,226</u>	<u>785,401</u>	<u>—</u>	<u>—</u>	<u>776,226</u>	<u>785,401</u>
Total	<u>\$ 1,203,878</u>	<u>\$ 1,149,680</u>	<u>\$ 3,828,269</u>	<u>\$ 3,977,745</u>	<u>\$ 5,032,147</u>	<u>\$ 5,127,425</u>

Additional information on the City's capital assets can be found in Note 3 on pages 39 to 40 of this report.

## DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total general obligation bonded indebtedness outstanding of \$535,000. The City retired \$80,000 of general obligation bonds during 2014. At December 31, 2014 the City had outstanding loans for sewer system improvements and water system improvements with the Kansas Department of Health and Environment in the amounts of \$884,702 and \$800,284, respectively. There was \$105,473 of principal retirement on the loans during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 4 on pages 41 to 45 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2015 General Fund revenues are budgeted to decrease \$9,223 from the 2014 budget year. Expenditures are budgeted for 2015 at an increase of \$655 from the 2014 budgeted expenditures. The carryover budgeted fund balance increased by \$9,878 for the 2015 budget versus the 2014 budget. Sales taxes, property taxes and franchise fees account for approximately 29%, 40% and 11%, respectively, of the revenue sources for the General Fund's 2015 budget. Certified assessed valuations, on which ad valorem property taxes are levied, decreased \$20,786, or approximately .33% from the preceding year assessed valuation. The total assessed valuation for the 2015 budget year was \$6,324,789. The total City mill levy for the 2015 budget as compared to the 2014 budget was 49.886 mills versus 48.644 mills.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City Clerk, at 219 North Main, P.O. Box 187, Buhler, Kansas 67522, or call (620) 543-2253.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF BUHLER, KANSAS**  
**STATEMENT OF NET POSITION**

**December 31, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and investments	\$ 282,055	\$ 23,665	\$ 305,720	\$ 114,879
Receivables:				
Property taxes	309,331	—	309,331	—
Special assessment taxes	533,813	—	533,813	—
Sales taxes	13,958	—	13,958	—
Franchise fees	7,280	—	7,280	—
Trade accounts, net	11,073	47,525	58,598	—
Prepaid items	23,318	—	23,318	—
Restricted assets	—	338,636	338,636	—
Capital assets:				
Land	95,431	9,502	104,933	—
Buildings	249,558	1,300,813	1,550,371	—
Improvements other than buildings	530,783	3,527,307	4,058,090	—
Infrastructure	1,052,114	—	1,052,114	—
Machinery and equipment	655,953	1,119,642	1,775,595	148,289
Less accumulated depreciation	<u>(1,379,961)</u>	<u>(2,128,995)</u>	<u>(3,508,956)</u>	<u>(36,879)</u>
Total assets	<u>2,384,706</u>	<u>4,238,095</u>	<u>6,622,801</u>	<u>226,289</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	3,561	—	3,561	—
Customer deposits payable	—	3,550	3,550	—
Accrued interest payable	3,814	21,865	25,679	—
Noncurrent liabilities:				
Due within one year	99,352	115,416	214,768	3,930
Due in more than one year	<u>515,694</u>	<u>1,599,006</u>	<u>2,114,700</u>	<u>5,931</u>
Total liabilities	<u>622,421</u>	<u>1,739,837</u>	<u>2,362,258</u>	<u>9,861</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>				
Property taxes receivable	<u>309,331</u>	<u>—</u>	<u>309,331</u>	<u>—</u>
<b><u>NET POSITION</u></b>				
Investment in capital assets, net	668,878	2,143,283	2,812,161	101,549
Restricted for:				
Debt service	547,773	152,264	700,037	—
Future improvements	—	182,822	182,822	—
Unrestricted	<u>236,303</u>	<u>19,889</u>	<u>256,192</u>	<u>114,879</u>
Total net position	<u>\$ 1,452,954</u>	<u>\$ 2,498,258</u>	<u>\$ 3,951,212</u>	<u>\$ 216,428</u>

The accompanying notes are an integral  
part of the financial statements.

## CITY OF BUHLER, KANSAS

## STATEMENT OF ACTIVITIES

Year ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-Type Activities		
<b>Governmental Activities:</b>								
General government	\$ 134,523	\$ 14,756	\$ --	\$ --	\$ (119,767)	\$ --	\$ (119,767)	\$ --
Public safety	206,801	16,559	--	--	(190,242)	--	(190,242)	--
Highways and streets	199,653	--	41,107	9,099	(149,447)	--	(149,447)	--
Health and sanitation	59,250	59,174	--	--	(76)	--	(76)	--
Culture and recreation	169,096	47,925	772	700	(119,699)	--	(119,699)	--
Economic development	34,070	--	--	--	(34,070)	--	(34,070)	--
Interest on long-term debt	22,491	--	7,250	--	(15,241)	--	(15,241)	--
Total Governmental Activities	\$ 825,884	\$ 138,414	\$ 49,129	\$ 9,799	(628,542)	--	(628,542)	--
<b>Business-Type Activities:</b>								
Waterworks system	\$ 253,916	\$ 243,986	\$ --	\$ --	--	(9,930)	(9,930)	--
Sewage treatment	176,172	196,402	--	--	--	20,230	20,230	--
Total Business-Type Activities	\$ 430,088	\$ 440,388	\$ --	\$ --	--	10,300	10,300	--
<b>Component Units:</b>								
Buhler Public Library	\$ 26,044	\$ 5,124	\$ 7,757	\$ --				(13,163)
Buhler Recreation Commission	14,300	16,675	500	--				2,875
Buhler Economic Development Board	10,173	200	3,050	--				(6,923)
Buhler Wellness Center Board	13,706	22,155	1,018	--				9,467
Total Component Units	\$ 64,223	\$ 44,154	\$ 12,325	\$ --				(7,744)
<b>General Revenues and Transfers:</b>								
General Revenues:								
Property taxes levied for:								
General purposes					339,624	--	339,624	--
Debt service					24,123	--	24,123	--
Sales taxes					167,735	--	167,735	--
Franchise taxes					66,281	--	66,281	--
Payments from City of Buhler					--	--	--	40,227
Investment earnings					3,300	6	3,306	51
Transfers					53,633	(53,633)	--	--
Total general revenues and transfers					654,696	(53,627)	601,069	40,278
Change in net position					26,154	(43,327)	(17,173)	32,534
Net position at beginning of year					1,426,800	2,541,585	3,968,385	183,894
Net position at end of year					\$ 1,452,954	\$ 2,498,258	\$ 3,951,212	\$ 216,428

The accompanying notes are an integral part of the financial statements.

## **FUND FINANCIAL STATEMENTS**

**CITY OF BUHLER, KANSAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

**December 31, 2014**

	<u>General</u>	<u>Capital Equipment Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 82,197	\$ 23,731	\$ 156,251	\$ 13,960	\$ 5,916	\$ 282,055
Property taxes receivable	203,930	–	–	21,683	83,718	309,331
Special assessment taxes receivable	–	–	–	533,813	–	533,813
Accounts receivable, net	7,356	–	3,717	–	–	11,073
Sales tax receivable	13,958	–	–	–	–	13,958
Franchise fees receivable	<u>7,280</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,280</u>
Total assets	<u>\$ 314,721</u>	<u>\$ 23,731</u>	<u>\$ 159,968</u>	<u>\$ 569,456</u>	<u>\$ 89,634</u>	<u>\$ 1,157,510</u>
<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ –	\$ 3,561	\$ –	\$ –	\$ –	\$ 3,561
Deferred inflows of resources:						
Property taxes receivable	203,930	–	–	21,683	83,718	309,331
Special assessment taxes receivable	<u>–</u>	<u>–</u>	<u>–</u>	<u>533,813</u>	<u>–</u>	<u>533,813</u>
Total deferred inflows of resources	<u>203,930</u>	<u>–</u>	<u>–</u>	<u>555,496</u>	<u>83,718</u>	<u>843,144</u>
Fund balances:						
Restricted	–	–	–	13,960	2,137	16,097
Committed	–	20,170	156,866	–	3,779	180,815
Assigned	34,822	–	3,102	–	–	37,924
Unassigned	<u>75,969</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>75,969</u>
Total fund balances	<u>110,791</u>	<u>20,170</u>	<u>159,968</u>	<u>13,960</u>	<u>5,916</u>	<u>310,805</u>
Total liabilities and fund balances	<u>\$ 314,721</u>	<u>\$ 23,731</u>	<u>\$ 159,968</u>	<u>\$ 569,456</u>	<u>\$ 89,634</u>	<u>\$ 1,157,510</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

**December 31, 2014**

Total Governmental Fund Balances \$ 310,805

Amounts reported for governmental activities in the  
statement of net position are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported  
in the funds (capital assets net of accumulated  
depreciation):

Cost	\$ 2,583,839	
Accumulated depreciation	<u>(1,379,961)</u>	
		1,203,878

Other assets not available to pay for current period  
expenditures and therefore are not reported in  
the governmental funds:

Prepaid items		23,318
Special assessments receivable		533,813

Long-term liabilities are not due and payable in the  
current period and therefore are not reported  
in the funds:

Accrued interest payable on general obligation bonds	(3,814)	
Compensated absences payable	(80,046)	
General obligation bonds payable	<u>(535,000)</u>	
		<u>(618,860)</u>

Net Position of Governmental Activities \$ 1,452,954

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS**

**Year ended December 31, 2014**

	<u>General</u>	<u>Capital Equipment Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$ 422,473	\$ –	\$ –	\$ 24,123	\$ 84,886	\$ 531,482
Special assessment taxes	–	–	–	83,509	–	83,509
Intergovernmental	772	–	–	–	41,107	41,879
Licenses and permits	66,585	–	–	–	–	66,585
Charges for services	89,431	–	22,368	–	–	111,799
Fines and forfeitures	16,559	–	–	–	–	16,559
Use of money and property	4,550	–	–	–	–	4,550
Miscellaneous	<u>4,145</u>	<u>5,275</u>	<u>3,824</u>	<u>–</u>	<u>5,057</u>	<u>18,301</u>
Total revenues	<u>604,515</u>	<u>5,275</u>	<u>26,192</u>	<u>107,632</u>	<u>131,050</u>	<u>874,664</u>
<b>Expenditures:</b>						
Current:						
General government	116,392	751	–	–	15,963	133,106
Public safety	152,117	18,200	18,820	–	44,620	233,757
Highways and streets	120,933	3,561	2,556	–	52,642	179,692
Health and sanitation	59,180	–	–	–	–	59,180
Culture and recreation	67,408	–	64,895	–	80,759	213,062
Economic development	28,000	–	1,390	–	4,545	33,935
Debt Service	<u>–</u>	<u>–</u>	<u>–</u>	<u>101,962</u>	<u>–</u>	<u>101,962</u>
Total expenditures	<u>544,030</u>	<u>22,512</u>	<u>87,661</u>	<u>101,962</u>	<u>198,529</u>	<u>954,694</u>
Revenues over (under) expenditures	<u>60,485</u>	<u>(17,237)</u>	<u>(61,469)</u>	<u>5,670</u>	<u>(67,479)</u>	<u>(80,030)</u>
<b>Other financing sources (uses):</b>						
Transfers in	–	3,000	16,140	–	69,362	88,502
Transfers out	<u>(34,869)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(34,869)</u>
Total other financing sources (uses)	<u>(34,869)</u>	<u>3,000</u>	<u>16,140</u>	<u>–</u>	<u>69,362</u>	<u>53,633</u>
Net change in fund balance	25,616	(14,237)	(45,329)	5,670	1,883	(26,397)
Fund balances, beginning of year	<u>85,175</u>	<u>34,407</u>	<u>205,297</u>	<u>8,290</u>	<u>4,033</u>	<u>337,202</u>
Fund balances, end of year	<u>\$ 110,791</u>	<u>\$ 20,170</u>	<u>\$ 159,968</u>	<u>\$ 13,960</u>	<u>\$ 5,916</u>	<u>\$ 310,805</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES TO THE STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2014**

Net Change in Fund Balances – Total Governmental Funds \$ (26,397)

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. In the current period, these  
amounts are:

Capital outlay	\$	154,149
Depreciation		<u>(99,951)</u>

Excess of capital outlay over depreciation expense		54,198
--	--	--------

Special assessment taxes collected in the current period are  
reported as revenues in the funds statement whereas, in the  
statement of activities special assessments are reported as  
revenues when the special assessments are assessed  
against the related properties (76,259)

In the statement of activities, interest is accrued on outstanding  
debt, whereas in governmental funds, an interest expenditure  
is reported when due (529)

Repayment of debt principal is an expenditure in the  
governmental funds, but the repayment reduces long-term  
liabilities in the statement of net assets:  
General obligation bond payment 80,000

Some expenses reported in the statement of activities do  
not require the use of current financial resources and  
therefore are not reported as expenditures in the funds:

Prepaid items	1,278
Compensated absences payable	<u>(6,137)</u>

Total		<u>(4,859)</u>
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Change in Net Position of Governmental Activities \$ 26,154

The accompanying notes are an integral  
part of the financial statements.

# CITY OF BUHLER, KANSAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS (continued on next page)

Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 406,230	\$ 406,230	\$ 421,926	\$ 15,696
Intergovernmental	1,030	1,030	772	(258)
Licenses, fees and permits	58,250	58,250	66,438	8,188
Charges for services	97,650	97,650	89,431	(8,219)
Fines and forfeitures	17,500	17,500	16,559	(941)
Use of money and property	4,100	4,100	4,550	450
Miscellaneous	2,500	2,500	4,145	1,645
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>—</u>	<u>(20,000)</u>
Total revenues	<u>607,260</u>	<u>607,260</u>	<u>603,821</u>	<u>(3,439)</u>
Expenditures and other uses:				
General government:				
General administration:				
Personal services	52,000	52,000	49,144	2,856
Contractual services	42,500	42,500	34,668	7,832
Commodities	15,000	15,000	12,478	2,522
Capital outlay	1,500	1,500	1,613	(113)
Transfers out	<u>3,978</u>	<u>3,978</u>	<u>3,978</u>	<u>—</u>
Total general government	<u>114,978</u>	<u>114,978</u>	<u>101,881</u>	<u>13,097</u>
Cemetery Department:				
Personal services	14,500	14,500	13,922	578
Contractual services	3,500	3,500	2,845	655
Commodities	2,000	2,000	1,721	279
Capital outlay	500	500	—	500
Transfers out	<u>1,560</u>	<u>1,560</u>	<u>1,560</u>	<u>—</u>

**CITY OF BUHLER, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL –  
BUDGETARY BASIS**

(continued from previous page)

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total Cemetery Department:	\$ 22,060	\$ 22,060	\$ 20,048	\$ 2,012
Public safety:				
Municipal Court:				
Personal services	8,000	8,000	5,910	2,090
Contractual services	4,000	4,000	4,344	(344)
Commodities	<u>250</u>	<u>250</u>	<u>149</u>	<u>101</u>
Total Municipal Court	<u>12,250</u>	<u>12,250</u>	<u>10,403</u>	<u>1,847</u>
Public Safety Department:				
Personal services	117,000	117,000	117,490	(490)
Contractual services	11,000	11,000	12,651	(1,651)
Commodities	10,500	10,500	8,980	1,520
Capital outlay	5,000	5,000	3,400	1,600
Transfers out	<u>14,040</u>	<u>14,040</u>	<u>14,040</u>	<u>—</u>
Total Public Safety Department	<u>157,540</u>	<u>157,540</u>	<u>156,561</u>	<u>979</u>
Highways and streets:				
Street lighting:				
Contractual services	<u>17,850</u>	<u>17,850</u>	<u>19,067</u>	<u>(1,217)</u>
Street Department:				
Personal services	37,000	37,000	42,056	(5,056)
Contractual services	8,000	8,000	18,708	(10,708)
Commodities	<u>8,000</u>	<u>8,000</u>	<u>23,738</u>	<u>(15,738)</u>

**CITY OF BUHLER, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL –  
BUDGETARY BASIS**

(continued from previous page)

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay	\$ 72,000	\$ 72,000	\$ 17,364	\$ 54,636
Transfers out	<u>3,822</u>	<u>3,822</u>	<u>4,770</u>	<u>(948)</u>
Total Street Department	<u>128,822</u>	<u>128,822</u>	<u>106,636</u>	<u>22,186</u>
Health and sanitation:				
Refuse service:				
Contractual services	65,600	65,600	59,180	6,420
Appropriation to Wellness Center Board	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>—</u>
	<u>72,600</u>	<u>72,600</u>	<u>66,180</u>	<u>6,420</u>
Culture and recreation:				
Swimming Pool department:				
Personal services	28,000	28,000	25,271	2,729
Contractual services	6,300	6,300	4,726	1,574
Commodities	5,000	5,000	5,311	(311)
Capital outlay	1,000	1,000	—	1,000
Transfers out	<u>273</u>	<u>273</u>	<u>273</u>	<u>—</u>
Swimming Pool department	<u>40,573</u>	<u>40,573</u>	<u>35,581</u>	<u>4,992</u>
Parks department:				
Personal services	14,250	14,250	12,364	1,886
Contractual services	7,500	7,500	7,567	(67)
Commodities	4,500	4,500	2,563	1,937
Capital outlay	1,000	1,000	1,799	(799)
Transfers out	<u>1,248</u>	<u>1,248</u>	<u>1,248</u>	<u>—</u>

**CITY OF BUHLER, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL –  
BUDGETARY BASIS**

(continued from previous page)

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total parks department	\$ 28,498	\$ 28,498	\$ 25,541	\$ 2,957
Economic development:				
Personal services	—	—	14,000	(14,000)
Appropriation to Economic Development Board	<u>28,000</u>	<u>28,000</u>	<u>14,000</u>	<u>(14,000)</u>
Total economic development	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>—</u>
Nondepartmental:				
Transfer to Capital Improve- ment Reserve Fund	6,000	6,000	6,000	—
Transfer to Capital Equip- ment Reserve Fund	3,000	3,000	3,000	—
Other	<u>93</u>	<u>93</u>	<u>—</u>	<u>93</u>
Total nondepartmental	<u>9,093</u>	<u>9,093</u>	<u>9,000</u>	<u>93</u>
Total expenditures and other uses	<u>632,264</u>	<u>632,264</u>	<u>578,898</u>	<u>53,366</u>
Revenues over (under) expenditures and other uses	(25,004)	(25,004)	24,923	49,927
Fund balance, beginning of year	<u>25,004</u>	<u>25,004</u>	<u>64,630</u>	<u>39,626</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 89,553</u>	<u>\$ 89,553</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**  
**STATEMENT OF NET POSITION – ALL ENTERPRISE FUNDS**  
**December 31, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Waterworks System</u>	<u>Sewage Treatment</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 15,861	\$ 7,804	\$ 23,665
Trade accounts receivable	24,943	22,582	47,525
Restricted cash and investments for customer deposits	<u>3,550</u>	<u>—</u>	<u>3,550</u>
Total current assets	<u>44,354</u>	<u>30,386</u>	<u>74,740</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments restricted for:			
Waterworks system improvements	72,063	—	72,063
Water debt service	84,319	—	84,319
Sewer replacement	—	110,759	110,759
Sewer debt service	<u>—</u>	<u>67,945</u>	<u>67,945</u>
	<u>156,382</u>	<u>178,704</u>	<u>335,086</u>
Capital assets:			
Land	2,699	6,803	9,502
Buildings	894,885	405,928	1,300,813
Improvements other than buildings	1,473,439	2,053,868	3,527,307
Machinery	<u>915,661</u>	<u>203,981</u>	<u>1,119,642</u>
	3,286,684	2,670,580	5,957,264
Less accumulated depreciation	<u>(1,067,801)</u>	<u>(1,061,194)</u>	<u>(2,128,995)</u>
Capital assets, net	<u>2,218,883</u>	<u>1,609,386</u>	<u>3,828,269</u>
Total noncurrent assets	<u>2,375,265</u>	<u>1,788,090</u>	<u>4,163,355</u>
Total assets	<u>2,419,619</u>	<u>1,818,476</u>	<u>4,238,095</u>

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Waterworks System</u>	<u>Sewage Treatment</u>	<u>Total Enterprise Funds</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ —	\$ —	\$ —
Compensated absences payable	2,807	3,833	6,640
Customer deposits payable	3,550	—	3,550
Current portion of revolving loan note payable	36,170	72,606	108,776
Accrued interest payable	<u>12,177</u>	<u>9,688</u>	<u>21,865</u>
Total current liabilities	<u>54,704</u>	<u>86,127</u>	<u>140,831</u>
Noncurrent liabilities:			
Long-term portion of compensated absences payable	8,426	14,370	22,796
Long-term portion of revolving loan note payable	<u>764,114</u>	<u>812,096</u>	<u>1,576,210</u>
Total noncurrent liabilities	<u>772,540</u>	<u>826,466</u>	<u>1,599,006</u>
Total liabilities	<u>827,244</u>	<u>912,593</u>	<u>1,739,837</u>
<b><u>NET POSITION</u></b>			
Net position:			
Invested in capital assets, net	1,418,599	724,684	2,143,283
Restricted	156,382	178,704	335,086
Unrestricted	<u>17,394</u>	<u>2,495</u>	<u>19,889</u>
Total net position	<u>\$1,592,375</u>	<u>\$ 905,883</u>	<u>\$ 2,498,258</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION –**  
**ALL ENTERPRISE FUNDS**

**Year ended December 31, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Waterworks System</u>	<u>Sewage Treatment</u>	<u>Total Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 242,892	\$ 196,402	\$ 439,294
Miscellaneous	<u>1,094</u>	<u>—</u>	<u>1,094</u>
Total operating revenues	<u>243,986</u>	<u>196,402</u>	<u>440,388</u>
Operating expenses:			
Personnel services	74,027	46,347	120,374
Contractual services	38,246	47,930	86,176
Commodities	17,118	2,768	19,886
Depreciation	<u>95,053</u>	<u>54,423</u>	<u>149,476</u>
Total operating expenses	<u>224,444</u>	<u>151,468</u>	<u>375,912</u>
Operating income	<u>19,542</u>	<u>44,934</u>	<u>64,476</u>
Nonoperating revenues (expense):			
Interest income	6	—	6
Interest expense	<u>(29,472)</u>	<u>(24,704)</u>	<u>(54,176)</u>
Total nonoperating revenue (expense)	<u>(29,466)</u>	<u>(24,704)</u>	<u>(54,170)</u>
Income (loss) before transfers	(9,924)	20,230	10,306
Transfers to other funds	<u>(35,133)</u>	<u>(18,500)</u>	<u>(53,633)</u>
Change in net position	(45,057)	1,730	(43,327)
Net position, beginning of year	<u>1,637,432</u>	<u>904,153</u>	<u>2,541,585</u>
Net position, end of year	<u>\$1,592,375</u>	<u>\$ 905,883</u>	<u>\$ 2,498,258</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**

**STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS**  
(continued on next page)

**Year ended December 31, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Waterworks System</u>	<u>Sewage Treatment</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 244,263	\$ 196,492	\$ 440,755
Cash payments for materials and services	(55,462)	(50,698)	(106,160)
Cash payments to employees for services	(73,893)	(45,714)	(119,607)
Other operating cash receipts	<u>1,094</u>	<u>—</u>	<u>1,094</u>
Net cash provided by operating activities	<u>116,002</u>	<u>100,080</u>	<u>216,082</u>
Cash flows from capital and related financing activities:			
Principal paid on revolving loan note payable	(34,892)	(70,581)	(105,473)
Interest paid on debt	<u>(30,003)</u>	<u>(25,616)</u>	<u>(55,619)</u>
Net cash provided (used) by capital and related financing activities	<u>(64,895)</u>	<u>(96,197)</u>	<u>(161,092)</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	<u>(35,133)</u>	<u>(18,500)</u>	<u>(53,633)</u>
Cash flows from investing activities:			
Interest income	<u>6</u>	<u>—</u>	<u>6</u>
Net increase (decrease) in cash and cash equivalents	15,980	(14,617)	1,363
Cash and cash equivalents, beginning of year	<u>159,813</u>	<u>201,125</u>	<u>360,938</u>
Cash and cash equivalents, end of year	<u>\$ 175,793</u>	<u>\$ 186,508</u>	<u>\$ 362,301</u>
Cash and investments	\$ 15,861	\$ 7,804	\$ 23,665
Restricted cash and investments	<u>159,932</u>	<u>178,704</u>	<u>338,636</u>
Cash and cash equivalents, end of year	<u>\$ 175,793</u>	<u>\$ 186,508</u>	<u>\$ 362,301</u>

**CITY OF BUHLER, KANSAS**

**STATEMENT OF CASH FLOWS – ALL ENTERPRISE FUNDS**  
(continued from previous page)

**Year ended December 31, 2014**

	<u>Business-Type Activities – Enterprise Funds</u>		
	<u>Waterworks System</u>	<u>Sewage Treatment</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 19,542	\$ 44,934	\$ 64,476
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	95,053	54,423	149,476
Changes in assets and liabilities:			
Decrease in customer deposits	(150)	–	(150)
Decrease in accounts receivable	1,520	90	1,610
Decrease in accounts payable	(98)	–	(98)
Increase in compensated absences payable	<u>135</u>	<u>633</u>	<u>768</u>
Net cash provided by operating activities	<u>\$ 116,002</u>	<u>\$ 100,080</u>	<u>\$ 216,082</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF BUHLER, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity**

The City operates under a Mayor-Council form of government consisting of an elected Mayor and five council persons and provides services to its citizens in the areas of highways and streets, water and sewer utilities, public improvement, public safety, planning and zoning, recreation and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Buhler, Kansas (the primary government) and its component units, entities for which the government is considered to be financially accountable. The component units discussed in the following paragraphs have the same year-end as the City of Buhler.

**Discretely presented component units**

The component unit columns in the combined financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City however, the governing bodies of these component units are appointed by the City Council. The City's component units are accounted for using the same principles as the governmental fund types of the City.

1. The Buhler Public Library Board operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs.
2. The Buhler Recreation Commission operates the recreation programs in the City. The Recreation Commission may not enter into lease agreements for real and personal property without the approval of the City Council. The Recreation Commission taxes are levied under the taxing authority of the City and included as part of the City's total tax levy. These taxes are accounted for in the Recreation special revenue fund of the City. The Recreation Commission also receives funding through user fees from participants of the recreation programs.
3. The Buhler Economic Development Board was established to provide a coordinated economic development effort for the City of Buhler. The Board consists of seven members who are appointed by the City Council. The Board principally receives funding from the City of Buhler.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. The Buhler Wellness Center Board was established to further the wellness of the City of Buhler, and its environs, by creating wellness programs, operating a wellness facility and promoting awareness of healthy lifestyles. The Buhler Wellness Center Board receives funding from membership and program fees and is provided facility space for operation of the Buhler Wellness Center by the City of Buhler at no charge.

The following presents condensed financial information for each of the discretely presented component units. Complete fund financial statements are included in the component unit section of this annual financial report. The City's component units do not issue separate audited financial statements.

### Condensed Statement of Net Position

	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Development Board	Buhler Wellness Center Board	Total
<b>Assets:</b>					
Cash and investments	\$ 38,222	\$ 36,535	\$ 12,809	\$ 27,313	\$ 114,879
Capital assets – building Improvements	99,081	–	–	–	99,081
Capital assets – equipment	19,069	–	–	30,139	49,208
Accumulated depreciation	(27,326)	–	–	(9,553)	(36,879)
<b>Total assets</b>	<b>129,046</b>	<b>36,535</b>	<b>12,809</b>	<b>47,899</b>	<b>226,289</b>
<b>Liabilities:</b>					
Accounts payable	–	–	–	–	–
<b>Noncurrent liabilities:</b>					
Due within one year	–	–	–	3,930	3,930
Due in more than one year	–	–	–	5,931	5,931
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,861</b>	<b>9,861</b>
<b>Net Position:</b>					
Investment in capital assets, net	90,824	–	–	10,725	101,549
Unrestricted	38,222	36,535	12,809	27,313	114,879
<b>Total net position</b>	<b>\$ 129,046</b>	<b>\$ 36,535</b>	<b>\$ 12,809</b>	<b>\$ 38,038</b>	<b>\$ 216,428</b>

### Condensed Statement of Activities

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position				Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Develop- ment Board	Buhler Wellness Center Board	
<b>Buhler Public Library:</b>									
Operating expenses	\$ 18,967	\$ 5,124	\$ 7,757	\$ –	\$ (6,086)	\$ –	\$ –	\$ –	\$ (6,086)
Depreciation	7,077	–	–	–	(7,077)	–	–	–	(7,077)
<b>Total Buhler Public Library</b>	<b>26,044</b>	<b>5,124</b>	<b>7,757</b>	<b>–</b>	<b>(13,163)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(13,163)</b>
<b>Buhler Recreation Commission:</b>									
Operating expenses	14,300	16,675	500	–	–	2,875	–	–	2,875

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets				Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Buhler Public Library	Buhler Recreation Commission	Buhler Economic Development Board	Buhler Wellness Center Board	
Buhler Economic Development Board: Operating expenses	\$ 10,173	\$ 200	\$ 3,050	\$ --	\$ --	\$ --	\$ (6,923)	\$ --	\$ (6,923)
Buhler Wellness Center Board: Operating Expense	9,975	22,155	1,018	--	--	--	--	13,198	13,198
Depreciation	3,731	--	--	--	--	--	--	(3,731)	(3,731)
Total Buhler Wellness Center Board	13,706	22,155	1,018	--	--	--	--	9,467	9,467
Total Component Units	\$ 64,223	\$ 44,154	\$ 12,325	\$ --	(13,163)	2,875	(6,923)	9,467	(7,744)
General Revenues and Transfers:									
Payment from City of Buhler					18,191	1,036	14,000	7,000	40,227
Interest earnings					13	38	--	--	51
Total general revenues					18,204	1,074	14,000	7,000	40,278
Change in net assets					5,041	3,949	7,077	16,467	32,534
Net position, beginning of year					124,005	32,586	5,732	21,571	183,894
Net position, end of year					\$ 129,046	\$ 36,535	\$ 12,809	\$ 38,038	\$ 216,428

### Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The City's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

### Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component units for which the primary government is financially accountable. The statement of net position presents the financial condition of the City and its component units at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

### **Fund financial statements**

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

### **Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City reports the following major governmental funds:

**General Fund** – The General Fund is the government’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

**Capital Equipment Reserve Fund** – The Capital Equipment Reserve Fund is used to account for and report the resources accumulated and payments made for the acquisition of new and replacement equipment items.

**Capital Improvement Reserve Fund** – The Capital Improvement Reserve Fund is used to account for and report the resources accumulated and payments made for the acquisition of capital assets or construction of major capital improvements not being financed by proprietary funds.

**Debt Service Fund** – The Debt Service Fund accounts for and reports the financial resources that are restricted, committed or assigned to expenditure for principal and interest. These resources include special assessment taxes that are utilized in financing long-term general obligation debt.

The City reports the following major proprietary funds:

**Waterworks System Fund** – The Waterworks System Fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

**Sewage Treatment Fund** – The Sewage Treatment Fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

The City also reports the following fund types:

**Special Revenue Funds** – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between the City’s enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

### **Cash and short-term investments**

Cash and short-term investments include amounts in money market accounts, savings accounts and a certificate of deposit. Investments are carried at fair value using selected basis. Cash deposits are reported at a carrying amount that approximates fair value. For purposes of the statement of cash flows, the Waterworks and Sewage Treatment funds consider all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the general fund except for investments of specific funds.

### **Property taxes receivable**

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

### **Special assessments receivable**

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City and are retired from the City's Debt Service Fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund. Special assessment taxes are levied over a fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Debt Service Fund and accrued as revenues in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as unearned revenue in the funds statement.

### **Sales tax receivable**

Reno County imposes a 1% countywide local sales tax that is collected by the State and remitted to the City on a monthly basis. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end. Such taxes are available to liquidate expenditures of the current period and are accrued as revenues at year-end.

### **Franchise fees receivable**

Franchise fees are remitted to the City on a monthly, quarterly or annual basis. Such fees are based on gross receipts by the franchisor for the remittance period. At year-end, the franchise fees based on gross receipts during the City's fiscal year have been accrued as revenues since they are considered available to liquidate expenditures of the current period.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Other taxes and revenues**

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the state on behalf of the City at year-end are not due and receivable until the ensuing year.

Licenses, fees, fines, forfeitures, charges for services and other revenues are generally not susceptible to accrual and are recorded when received in cash.

### **Utility accounts receivable**

The City records water revenues billed to its customers when meters are read on a monthly basis. Charges for sewage treatment and residential refuse services are billed monthly. It is not practicable to estimate unbilled service receivables at December 31, 2014 and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

### **Inventories and prepaid items**

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenses when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the fund financial statements.

### **Capital assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of at least \$500. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 2004. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

Buildings and structures	40 to 50 years
Improvements other than buildings	20 to 40 years
Infrastructure (streets)	20 years
Machinery and equipment	3 to 20 years

### Compensated absences

The City's policy regarding vacation permits permanent employees with two years service to earn six days vacation pay, three to ten years of service earn twelve days of vacation pay and after eleven years of service earn eighteen days vacation pay. A maximum of five days vacation time is allowed to accumulate for carryover to the next work year. Sick leave is allowed to accumulate at the rate of one half day for each full month of service with a maximum accumulation of 120 days. At termination, an employee shall be compensated for all accumulated vacation pay and all accumulated sick leave is canceled. The liabilities for accrued compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds statements only if they have matured, for example, as a result of employee termination or retirement.

### Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount, if significant. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term liabilities for revolving loan notes payable to the Kansas Department of Health and Environment are recorded in both the Waterworks System and Sewage Treatment enterprise funds. Principal payments are deducted from the liabilities as made.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Concentration of credit risk**

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

### **Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### **Pension plans**

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost sharing multi-employer statewide defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### **Deferred Inflows of Resources/Deferred Outflows of Resources**

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City identified property taxes receivable and special assessment taxes receivable as deferred inflows of financial balances. There were no items identified that meet the definition of a deferred outflow of resources.

### **Equity Classifications**

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net assets with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unrestricted net position – all other net position that do not meet the definition of “net investment in capital assets” or “restricted”.

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.
- Committed – Assets with a purpose formally imposed by resolution or ordinance by the City Council, binding unless modified or rescinded by the City Council.
- Assigned – Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (2) a body or official to whom the City Council has delegated the authority to assign amounts to be used for specific purposes as prescribed by the City’s policies.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Budgetary principles

The City is required by State statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund and enterprise funds. The City Development special revenue fund and the Capital Equipment Reserve and Capital Improvement Reserve capital project funds are exempted from budgetary requirements. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the originally adopted budget by the governing body for 2014.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year. Accordingly, the actual data presented in the budgetary comparison statements can differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

## **2. DEPOSITS AND INVESTMENTS**

### **Deposits and investments**

K.S.A. 9-1401 establishes the depositories that may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

## 2. DEPOSITS AND INVESTMENTS (continued)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no other policies that would further limit its investment choices.

### Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2014 is as follows:

<u>Deposits and Investments</u>	<u>Percentage of Investments</u>
Deposits with Farmers National Bank, Buhler, Kansas	100%

### Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2014.

At year-end, the carrying amount of the City's deposits was \$644,306 with the bank balances of such accounts being \$674,924. Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining balance of \$424,924 was covered by collateral held by the City's custodial bank in joint custody in the name of the City and its bank. The fair value of those pledged securities held by the City's custodial bank was \$839,680 at December 31, 2014.

The City had cash on hand at December 31, 2014 in the amount of \$50.

The City's component units' cash and investments at December 31, 2014 consisted of checking, savings and certificate of deposit accounts. At year-end, the carrying amount of the City's component units' deposits was \$114,879 and the bank balances were \$107,121. All of the individual component units' deposits were entirely covered by federal depository insurance at December 31, 2014.

### 3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2014 is as follows:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated				
Land	\$ 95,431	\$ —	\$ —	\$ 95,431
Capital assets being depreciated:				
Buildings	249,558	—	—	249,558
Improvements other than buildings	466,028	64,755	—	530,783
Infrastructure	1,004,606	47,508	—	1,052,114
Machinery and equipment	632,097	41,886	18,030	655,953
Total capital assets being depreciated	<u>2,352,289</u>	<u>154,149</u>	<u>18,030</u>	<u>2,488,408</u>
Less accumulated depreciation for:				
Buildings	166,210	7,552	—	173,762
Improvements other than buildings	347,769	16,521	—	364,290
Infrastructure	219,205	56,683	—	275,888
Machinery and equipment	564,856	19,195	18,030	566,021
Total accumulated depreciation	<u>1,298,040</u>	<u>99,951</u>	<u>18,030</u>	<u>1,379,961</u>
Total capital assets being depreciated, net	<u>1,054,249</u>	<u>54,198</u>	<u>—</u>	<u>1,108,447</u>
Governmental activities capital assets, net	<u>\$1,149,680</u>	<u>\$ 54,198</u>	<u>\$ —</u>	<u>\$ 1,203,878</u>
<b><u>Business-Type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 9,502	\$ —	\$ —	\$ 9,502
Capital assets being depreciated:				
Buildings	1,300,813	—	—	1,300,813
Improvements other than buildings	3,527,307	—	—	3,527,307
Machinery and equipment	1,119,642	—	—	1,119,642

### 3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2014</u>
Total capital assets being depreciated	<u>\$5,947,762</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$5,947,762</u>
Less accumulated depreciation for:				
Buildings	289,692	24,688	—	314,380
Improvements other than buildings	1,342,627	74,137	—	1,416,764
Machinery and equipment	<u>347,200</u>	<u>50,651</u>	<u>—</u>	<u>397,851</u>
Total accumulated depreciation	<u>1,979,519</u>	<u>149,476</u>	<u>—</u>	<u>2,128,995</u>
Total capital assets being depreciated, net	<u>3,968,243</u>	<u>(149,476)</u>	<u>—</u>	<u>3,818,767</u>
Business-type activities capital assets, net	<u>\$3,977,745</u>	<u>\$ (149,476)</u>	<u>\$ —</u>	<u>\$3,828,269</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,990
Public safety	8,823
Highways and streets	67,952
Culture and recreation	20,116
Health and welfare	<u>70</u>
Total depreciation expense – governmental activities	<u>\$ 99,951</u>
Business-type activities:	
Waterworks System	\$ 95,053
Sewage Treatment	<u>54,423</u>
Total depreciation expense – business-type activities	<u>\$149,476</u>

### 4. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014:

#### 4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2014	Additions	Deletions	Outstanding December 31, 2014	Due Within One Year
<b><u>Governmental activities</u></b>					
General obligation bonds	\$ 615,000	\$ —	\$ 80,000	\$ 535,000	\$ 85,000
Compensated absences	<u>73,909</u>	<u>23,625</u>	<u>17,488</u>	<u>80,046</u>	<u>14,352</u>
Total long-term liabilities – Governmental activities	<u>\$ 688,909</u>	<u>\$ 23,625</u>	<u>\$ 97,488</u>	<u>\$ 615,046</u>	<u>\$ 99,352</u>
<b><u>Business-type activities</u></b>					
Revolving loan note payable - sewer	\$ 161,328	\$ —	\$ 20,725	\$ 140,603	\$ 21,454
Revolving loan note payable - sewer	793,955	—	49,856	744,099	51,152
Revolving loan note payable - water	835,176	—	34,892	800,284	36,170
Compensated absences	<u>28,668</u>	<u>9,367</u>	<u>8,599</u>	<u>29,436</u>	<u>6,640</u>
Total long-term liabilities – Business-Type activities	<u>\$1,819,127</u>	<u>\$ 9,367</u>	<u>\$ 114,072</u>	<u>\$ 1,714,422</u>	<u>\$ 115,416</u>

#### **General obligation bonds**

General obligation bonds payable are serial bonds to be retired through calendar year 2029. At December 31, 2014 the bonds consist of the following:

	Interest rate	Bonds outstanding
General Obligation Bonds, Series 2003, dated June 1, 2003	3.00 – 4.00%	\$ 175,000
General Obligation Bonds, Series 2009, Dated May 1, 2009	2.50 – 4.50%	<u>360,000</u>
		<u>\$ 535,000</u>

Remaining debt service requirements for general obligations bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 85,000	\$ 19,542	\$ 104,542
2016	90,000	16,845	106,845
2017	95,000	13,808	108,808

#### 4. LONG-TERM DEBT (continued)

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 95,000	\$ 10,475	\$ 105,475
2019	50,000	6,975	56,975
2020	10,000	5,175	15,175
2021	10,000	4,775	14,775
2022	10,000	4,375	14,375
2023	10,000	3,975	13,975
2024	10,000	3,550	13,550
2025	10,000	3,125	13,125
2026	15,000	2,700	17,700
2027	15,000	2,025	17,025
2028	15,000	1,350	16,350
2029	<u>15,000</u>	<u>675</u>	<u>15,675</u>
	<u>\$ 535,000</u>	<u>\$ 99,370</u>	<u>\$ 634,370</u>

The Series 2003 bonds maturing on or after October 1, 2014 may be redeemed prior to maturity in whole or in part with selection of the bonds to be designated by the City in such equitable manner as it may determine on any interest paying date thereafter at par plus accrued interest to the date of the redemption.

The Series 2009 bonds maturing on or after October 1, 2019 may be redeemed prior to maturity in whole or in part with selection of the bonds to be designated by the City in such equitable manner as it may determine on at any time at par plus accrued interest to the date of the redemption.

#### Revolving loan note payable

The City Council entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing wastewater treatment plant improvements. At December 31, 2014, the principal amount of the loan agreement is \$140,603 at an interest rate of 3.49%. The loan agreement provides for semiannual payments in the amount of \$13,088, including principal and interest, through September 1, 2020. The debt service requirements for the loan will be provided from resources available in the Sewage Treatment Fund.

Annual debt service requirements to maturity for the loan agreement are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 21,454	\$ 4,722	\$ 26,176
2016	22,210	3,966	26,176
2017	22,992	3,184	26,176

#### 4. LONG-TERM DEBT (continued)

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 23,801	\$ 2,375	\$ 26,176
2019	24,639	1,537	26,176
2020	<u>25,507</u>	<u>669</u>	<u>26,176</u>
	<u>\$ 140,603</u>	<u>\$ 16,453</u>	<u>\$ 157,056</u>

In October 2005, the City Council entered into a second loan agreement with the KDHE for financing additional wastewater facility improvements including a new bar screen, aerated digester, sludge building, sludge dewatering equipment, and other various improvement at the wastewater plant. The amended loan agreement provides for semiannual payments in the amount of \$35,011, including interest, with final payment due March 1, 2026. At December 31, 2014, the principal amount of the loan agreement is \$ at an interest rate of 2.58%.

Annual debt service requirements to maturity for the loan agreement are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 51,152	\$ 18,870	\$ 70,022
2016	52,480	17,542	70,022
2017	53,842	16,180	70,022
2018	55,241	14,781	70,022
2019	56,675	13,347	70,022
2020	58,147	11,875	70,022
2021	59,657	10,365	70,022
2022	61,206	8,816	70,022
2023	62,795	7,227	70,022
2024	64,425	5,597	70,022
2025	66,099	3,923	70,022
2026	67,815	2,207	70,022
2026	<u>34,565</u>	<u>446</u>	<u>35,011</u>
	<u>\$ 744,099</u>	<u>\$ 131,176</u>	<u>\$ 875,275</u>

The City Council entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing waterworks system plant improvements. The total loan commitment for the water project was \$2,038,095. During 2012, KDHE forgave outstanding principal on the outstanding loan balance and loan origination fees totaling \$334,313. At December 31, 2014, the principal amount of the loan agreement is \$800,284 at an interest rate of 3.63%. The original loan agreement provided for semiannual payments in the amount of \$72,108, including principal and interest, through August 1, 2021 with a final payment due on February 1, 2022. The amended loan agreement during

#### 4. LONG-TERM DEBT (continued)

2012 provides for semiannual payments in the amount of \$32,447, including principal and interest, through February 1, 2031. The debt service requirements for the loan will be provided from resources available in the Waterworks System Fund. Annual debt service requirements to maturity for the loan agreement are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 36,170	\$ 28,724	\$ 64,894
2016	37,495	27,399	64,894
2017	38,868	26,026	64,894
2018	40,291	24,603	64,894
2019	41,768	23,126	64,894
2020	43,297	21,597	64,894
2021	44,883	20,011	64,894
2022	46,527	18,367	64,894
2023	48,232	16,662	64,894
2024	49,998	14,896	64,894
2025	51,830	13,064	64,894
2026	53,728	11,166	64,894
2027	55,696	9,198	64,894
2028	57,736	7,158	64,894
2029	59,851	5,043	64,894
2030	62,044	2,850	64,894
2031	<u>31,870</u>	<u>577</u>	<u>32,447</u>
	<u>\$ 800,284</u>	<u>\$ 270,467</u>	<u>\$ 1,070,751</u>

The City has pledged future waterworks system customer revenues, sewage treatment customer revenues, or levy ad valorem taxes without limitation, to produce amounts which are sufficient to pay (a) the cost of operation and maintenance of the system, (b) pay the principal of and interest on the loans as when the same become due, and (c) pay all other amounts due at any time under the loan agreements. Annual principal and interest payments on the loans are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$1,684,986. Principal and interest paid for the current year and total customer net revenues were \$161,092 and \$440,394, respectively.

#### Conduit debt

The City has issued limited-obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith and credit of the City of Buhler, and accordingly, are not included as liabilities in the

#### 4. LONG-TERM DEBT (continued)

accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2014:

	Debt Outstanding January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Debt Outstanding December 31, <u>2014</u>
Buhler Sunshine Home, Inc. Refunding Revenue Bond Series 2001	<u>\$ 1,969,492</u>	<u>\$ —</u>	<u>\$207,804</u>	<u>\$ 1,761,688</u>

#### 5. WATER AND SEWER REPLACEMENT RESERVES

Applicable State statutes permit the governing body to legally restrict a portion of operating revenue to be used for future replacement of the water and sewer systems. Net position has been reserved for the portion of assets legally restricted for future water and sewer system replacements.

#### 6. PENSION PLAN

##### Plan description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603.

##### Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 5% of covered salary for participants employed prior to July 1, 2009 and at 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate, established by statute, for the period from January 1, 2014 to December 31, 2014 was 9.69%. Included in this rate is the contribution for Group Death and Disability Insurance of .85% through June 30, 2015.

## 6. PENSION PLAN (continued)

The City's contributions to KPERS for the years ending December 31, 2014, 2013 and 2012 were \$36,138, \$30,879 and \$28,120, respectively, equal to the statutory required contributions for each year.

## 7. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ —	\$ 34,869
Capital Equipment Reserve	3,000	—
Capital Improvement Reserve	16,140	—
Waterworks System	—	35,133
Sewage Treatment	—	18,500
Total transfers for major funds	19,140	88,502
Nonmajor Funds:		
Employee Benefits	69,362	—
Total transfers	<u>\$ 88,502</u>	<u>\$ 88,502</u>

Nonroutine transfers from the General Fund to the Capital Equipment Reserve Fund and Capital Improvement Reserve Fund in the amounts of \$3,000 and \$16,140, respectively, reflect operating resources for establishment of reserves in the Capital Improvement Reserve and Capital Equipment Reserve funds. In addition, a nonroutine transfer from the Waterworks Utility Fund of \$10,140 was made to the Capital Improvement Reserve Fund.

Routine transfers are made from all funds to which payroll is charged for employee benefit costs and were made from the General, Waterworks System and Sewage Treatment funds in the amounts of \$25,869, \$24,993 and \$18,500, respectively.

## 8. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements.

## **8. OTHER POST EMPLOYMENT BENEFITS (continued)**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

## **9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 14, 2015, the date on which the financial statements were available to be issued.

**COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES**

## **GOVERNMENTAL FUNDS**

### **NONMAJOR SPECIAL REVENUE FUNDS**

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

**Special Highway Fund** – to account for the state shared tax for the construction, reconstruction or maintenance of streets.

**Employee Benefits Fund** – to account for the funding of the employer portion of unemployment compensation, workers' compensation, social security taxes, Medicare taxes, health insurance, life insurance and pension contributions for employees of the City.

**Recreation Fund** – to account for the taxes levied for the funding for the operation of recreation programs of the Buhler Recreation Commission.

**Library Fund** – to account for the taxes levied for the funding for the operation of the public library.

**City Development Fund** – to account for public donations for use in City development activities.

**CITY OF BUHLER, KANSAS**

**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2014**

	<u>Special Highway</u>	<u>Employee Benefits</u>	<u>Recreation</u>	<u>Library</u>	<u>City Develop- ment</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b><u>ASSETS</u></b>						
Cash and short-term investments	\$ 2,206	\$ 15	\$ 408	\$ 1,150	\$ 2,137	\$ 5,916
Taxes receivable	<u>—</u>	<u>32,803</u>	<u>11,458</u>	<u>39,457</u>	<u>—</u>	<u>83,718</u>
Total assets	<u>\$ 2,206</u>	<u>\$ 32,818</u>	<u>\$ 11,866</u>	<u>\$ 40,607</u>	<u>\$ 2,137</u>	<u>\$ 89,634</u>
<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>						
Liabilities:						
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred inflows of resources:						
Property taxes receivable	<u>—</u>	<u>32,803</u>	<u>11,458</u>	<u>39,457</u>	<u>—</u>	<u>83,718</u>
Fund balances:						
Restricted	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,137</u>	<u>2,137</u>
Committed	<u>2,206</u>	<u>15</u>	<u>408</u>	<u>1,150</u>	<u>—</u>	<u>3,779</u>
Total fund balances	<u>2,206</u>	<u>15</u>	<u>408</u>	<u>1,150</u>	<u>2,137</u>	<u>5,916</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,206</u>	<u>\$ 32,818</u>	<u>\$ 11,866</u>	<u>\$ 40,607</u>	<u>\$ 2,137</u>	<u>\$ 89,634</u>

**CITY OF BUHLER, KANSAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**Year ended December 31, 2014**

	<u>Special Highway</u>	<u>Employee Benefits</u>	<u>Recreation</u>	<u>Library</u>	<u>City Develop- ment</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:						
Taxes	\$ -	\$ 26,016	\$ 13,703	\$ 45,167	\$ -	\$ 84,886
Intergovernmental	41,107	-	-	-	-	41,107
Reimbursements	-	4,357	-	-	-	4,357
Miscellaneous	-	-	-	-	700	700
Total revenues	<u>41,107</u>	<u>30,373</u>	<u>13,703</u>	<u>45,167</u>	<u>700</u>	<u>131,050</u>
Expenditures:						
General government	-	15,963	-	-	-	15,963
Public Safety	-	44,620	-	-	-	44,620
Highways and streets	38,977	13,665	-	-	-	52,642
Culture and recreation	-	23,337	13,405	44,017	-	80,759
Economic development	-	4,545	-	-	-	4,545
Total expenditures	<u>38,977</u>	<u>102,130</u>	<u>13,405</u>	<u>44,017</u>	<u>-</u>	<u>198,529</u>
Revenues over (under) expenditures	2,130	(71,757)	298	1,150	700	(67,479)
Other financing sources:						
Transfers in	-	69,362	-	-	-	69,362
Net change in fund balances	2,130	(2,395)	298	1,150	700	1,883
Fund balances, beginning of year	<u>76</u>	<u>2,410</u>	<u>110</u>	<u>-</u>	<u>1,437</u>	<u>4,033</u>
Fund balances, end of year	<u>\$ 2,206</u>	<u>\$ 15</u>	<u>\$ 408</u>	<u>\$ 1,150</u>	<u>\$ 2,137</u>	<u>\$ 5,916</u>

**CITY OF BUHLER, KANSAS**

**SPECIAL HIGHWAY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>39,210</u>	\$ <u>39,210</u>	\$ <u>41,107</u>	\$ <u>1,897</u>
Expenditures and other uses:				
Contractual services	2,000	2,000	710	1,290
Commodities	8,000	8,000	1,611	6,389
Capital outlay	<u>29,210</u>	<u>29,210</u>	<u>36,656</u>	<u>(7,446)</u>
Total expenditures and other uses	<u>39,210</u>	<u>39,210</u>	<u>38,977</u>	<u>233</u>
Revenues over expenditures and other uses	—	—	2,130	2,130
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>76</u>	<u>76</u>
Fund balance, end of year	\$ <u>—</u>	\$ <u>—</u>	\$ <u>2,206</u>	\$ <u>2,206</u>

**CITY OF BUHLER, KANSAS**

**EMPLOYEE BENEFITS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Taxes	\$ 25,050	\$ 25,050	\$ 26,016	\$ 966
Reimbursements	–	–	4,357	4,357
Transfers in	<u>68,421</u>	<u>68,421</u>	<u>69,362</u>	<u>941</u>
Total revenues and other sources	<u>93,471</u>	<u>93,471</u>	<u>99,735</u>	<u>6,264</u>
Expenditures:				
Personal services	101,709	101,709	102,130	(421)
Add budget credit for reimbursed expenditures	<u>4,357</u>	<u>4,357</u>	<u>–</u>	<u>4,357</u>
Total expenditures for budgetary comparison	<u>106,066</u>	<u>106,066</u>	<u>102,130</u>	<u>3,936</u>
Revenues and other sources over (under) expenditures	(8,238)	(8,238)	(2,395)	5,843
Fund balance, beginning of year	<u>8,238</u>	<u>8,238</u>	<u>2,410</u>	<u>(5,828)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 15</u>	<u>\$ 15</u>

**CITY OF BUHLER, KANSAS**

**RECREATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 13,309	\$ 13,309	\$ 13,703	\$ 394
Expenditures:				
Personal services	11,700	11,700	12,193	(493)
Contractual services	—	—	176	(176)
Neighborhood Revitalization	5	5	—	5
Appropriations to Recreation Commission	<u>1,700</u>	<u>1,700</u>	<u>1,036</u>	<u>664</u>
Total expenditures	<u>13,405</u>	<u>13,405</u>	<u>13,405</u>	<u>—</u>
Revenues over expenditures	(96)	(96)	298	394
Fund balance, beginning of year	<u>96</u>	<u>96</u>	<u>110</u>	<u>14</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 408</u>	<u>\$ 408</u>

**CITY OF BUHLER, KANSAS**

**LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND CASH BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	<u>\$ 44,017</u>	<u>\$ 44,017</u>	<u>\$ 45,167</u>	<u>\$ 1,150</u>
Expenditures:				
Personal services	22,500	22,500	22,006	494
Contractual services	2,500	2,500	3,820	(1,320)
Neighborhood Revitalization	17	17	—	17
Appropriation to Library Board	<u>19,000</u>	<u>19,000</u>	<u>18,191</u>	<u>809</u>
Total expenditures	<u>44,017</u>	<u>44,017</u>	<u>44,017</u>	<u>—</u>
Revenues over expenditures	—	—	1,150	1,150
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>

**CITY OF BUHLER, KANSAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 23,625	\$ 23,625	\$ 24,123	\$ 498
Special assessments	<u>74,000</u>	<u>74,000</u>	<u>83,509</u>	<u>9,509</u>
Total revenues and other sources	<u>97,625</u>	<u>97,625</u>	<u>107,632</u>	<u>10,007</u>
Expenditures and other uses:				
Bond principal	80,000	80,000	80,000	—
Bond interest and commission	22,150	22,150	21,962	188
Other	9	9	—	9
Cash basis reserve	<u>1,500</u>	<u>1,500</u>	<u>—</u>	<u>1,500</u>
Total expenditures and other uses	<u>103,659</u>	<u>103,659</u>	<u>101,962</u>	<u>1,697</u>
Revenues over (under) expenditures and other uses	(6,034)	(6,034)	5,670	11,704
Fund balance, beginning of year	<u>6,034</u>	<u>6,034</u>	<u>8,290</u>	<u>2,256</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,960</u>	<u>\$ 13,960</u>

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

**Waterworks System Fund** – to account for the operation of municipal water utility including water supply, treatment and distribution.

**Sewage Treatment Fund** – to account for the operation of sewer utility including the collection and treatment of wastewater.

**CITY OF BUHLER, KANSAS**

**WATERWORKS SYSTEM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL –  
BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 277,500	\$ 277,500	\$ 242,892	\$ (34,608)
Use of money and property	15	15	6	(9)
Miscellaneous	<u>500</u>	<u>500</u>	<u>1,094</u>	<u>594</u>
Total revenues	<u>278,015</u>	<u>278,015</u>	<u>243,992</u>	<u>(34,023)</u>
Expenditures and other uses:				
Personnel services	82,000	82,000	73,892	8,108
Contractual services	42,500	42,500	38,246	4,254
Commodities	21,500	21,500	14,432	7,068
Capital outlay	10,000	10,000	—	10,000
Transfers out	<u>144,150</u>	<u>144,150</u>	<u>120,133</u>	<u>24,017</u>
Total expenditures and other uses	<u>300,150</u>	<u>300,150</u>	<u>246,703</u>	<u>53,447</u>
Revenues over (under) expenditures and other uses	(22,135)	(22,135)	(2,711)	19,424
Fund balance, beginning of year	<u>22,135</u>	<u>22,135</u>	<u>43,515</u>	<u>21,380</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40,804</u>	<u>\$ 40,804</u>

**CITY OF BUHLER, KANSAS**

**SEWAGE TREATMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN UNENCUMBERED CASH BALANCES – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 205,000	\$ 205,000	\$ 196,403	\$ (8,597)
Expenditures and other uses:				
Personnel services	57,500	57,500	45,714	11,786
Contractual services	32,000	32,000	27,573	4,427
Commodities	3,800	3,800	2,769	1,031
Capital outlay	5,510	5,510	—	5,510
Transfers out	<u>130,397</u>	<u>130,397</u>	<u>126,397</u>	<u>4,000</u>
Total expenditures and other uses	<u>229,207</u>	<u>229,207</u>	<u>202,453</u>	<u>26,754</u>
Revenues over (under) expenditures and other uses	(24,207)	(24,207)	(6,050)	18,157
Fund balance, beginning of year	<u>24,207</u>	<u>24,207</u>	<u>36,436</u>	<u>12,229</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 30,386</u>	<u>\$ 30,386</u>

## **COMPONENT UNITS**

### **Buhler Public Library**

The Buhler Public Library is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, charges for services and donations from the public. The following funds are used to account for the operations of the Buhler Public Library:

**Library General Fund** – to account for moneys held directly by the Library Board and made available as needed to assist in financing the operations of the public library.

### **Buhler Recreation Commission**

The Buhler Recreation Commission is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Recreation Commission is appointed by the City Council and operates the recreation programs of the City. The Recreation Commission taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Recreation Commission special revenue fund of the City. The Recreation Commission also receives funding through participant fees and concession sales at the activities sponsored by the Recreation Commission. The following funds are used to account for the operations of the Buhler Recreation Commission:

**Recreation Commission General Fund** – to account for moneys held directly by the Recreation Commission and made available as needed to provide financing of the recreation program activities.

### **Buhler Economic Development Board**

The Buhler Economic Development Board Commission is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its separate legal status. The Buhler Economic Development Board is appointed by the City Council and provides economic development efforts within the City. Resources are provided through City Council appropriation from the City's General Fund. The Buhler Economic Development Board also periodically receives funding from private donations and grants made available through public and private sources.

### **Buhler Wellness Center Board**

The Buhler Wellness Board is reported as a discretely presented component unit within the financial statements of the City of Buhler (the reporting entity) to emphasize its legal status. The Buhler Wellness Board is comprised of five members that are appointed by the Mayor with approval of the City Council. The Buhler Wellness Board's purpose is to further the wellness of the City of Buhler, and its environs by creating wellness programs, operating a wellness facility and promoting awareness of healthy lifestyles. The Buhler Wellness Board receives funding from membership fees and program fees and is provided space for operation of the Buhler Wellness Center by the City of Buhler at no charge.

**CITY OF BUHLER, KANSAS**  
**COMBINING BALANCE SHEET – COMPONENT UNITS**

**December 31, 2014**

	<u>Buhler Public Library</u>	<u>Buhler Recreation Commission</u>	<u>Buhler Economic Development Board</u>	<u>Buhler Wellness Center Board</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and investments	<u>\$ 38,222</u>	<u>\$ 36,535</u>	<u>\$ 12,809</u>	<u>\$ 27,313</u>	<u>\$ 114,879</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Fund balances:					
Assigned	7,809	27,281	—	—	35,090
Unassigned	<u>30,413</u>	<u>9,254</u>	<u>12,809</u>	<u>27,313</u>	<u>79,789</u>
Total fund balances	<u>38,222</u>	<u>36,535</u>	<u>12,809</u>	<u>27,313</u>	<u>114,879</u>
Total liabilities and fund balances	<u>\$ 38,222</u>	<u>\$ 36,535</u>	<u>\$ 12,809</u>	<u>\$ 27,313</u>	<u>\$ 114,879</u>
Reconciliation to total net position:					
Total fund balances per above					\$ 114,879
Add capital assets					148,289
Less accumulated depreciation on capital assets					(36,879)
Less capital lease obligations payable					<u>(9,861)</u>
Total net position					<u>\$ 216,428</u>

**CITY OF BUHLER, KANSAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – COMPONENT UNITS**

**Year ended December 31, 2014**

	<u>Buhler Public Library</u>	<u>Buhler Recreation Commission</u>	<u>Buhler Economic Development Board</u>	<u>Buhler Wellness Center Board</u>	<u>Total</u>
<b>Revenues:</b>					
Appropriation from City of Buhler	\$ 18,191	\$ 1,036	\$ 14,000	\$ 7,000	\$ 40,227
Intergovernmental	7,757	—	—	—	7,757
Charges for services	2,198	16,675	—	22,155	41,028
Use of money and property	13	38	—	—	51
Miscellaneous	<u>2,926</u>	<u>500</u>	<u>3,250</u>	<u>1,018</u>	<u>7,694</u>
Total revenues	<u>31,085</u>	<u>18,249</u>	<u>17,250</u>	<u>30,173</u>	<u>96,757</u>
<b>Expenditures:</b>					
Contractual services	7,945	1,783	9,860	7,957	27,545
Commodities	13,742	12,517	313	765	27,337
Capital outlay	1,740	—	—	2,291	4,031
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,789</u>	<u>4,789</u>
Total expenditures	<u>23,427</u>	<u>14,300</u>	<u>10,173</u>	<u>15,802</u>	<u>63,702</u>
Revenues over (under) expenditures	7,658	3,949	7,077	14,371	33,055
Fund balances, beginning of year	<u>30,564</u>	<u>32,586</u>	<u>5,732</u>	<u>12,942</u>	<u>81,824</u>
Fund balances, end of year	<u>\$ 38,222</u>	<u>\$ 36,535</u>	<u>\$ 12,809</u>	<u>\$ 27,313</u>	<u>\$ 114,879</u>
<b>Reconciliation of change in net position:</b>					
Net change in fund balances per above					\$ 33,055
Add current year assets capitalized					6,751
Add principal payments on capital lease obligation					3,536
Less current year depreciation on capital assets					<u>(10,808)</u>
Change in net position					<u>\$ 32,534</u>

**CITY OF BUHLER, KANSAS**

**BUHLER RECREATION COMMISSION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND  
ACTUAL – BUDGETARY BASIS**

**Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Appropriation from City of Buhler	\$ 3,000	\$ 3,000	\$ 1,036	\$ (1,964)
Charges for services	9,300	9,300	16,675	7,375
Interest earnings	90	90	38	(52)
Miscellaneous	<u>—</u>	<u>—</u>	<u>500</u>	<u>500</u>
Total revenues	<u>12,390</u>	<u>12,390</u>	<u>18,249</u>	<u>5,859</u>
Expenditures:				
Contractual services	4,000	4,000	1,783	2,217
Commodities	8,000	8,000	12,517	(4,517)
Capital outlay	<u>27,671</u>	<u>27,671</u>	<u>—</u>	<u>27,671</u>
Total expenditures	<u>39,671</u>	<u>39,671</u>	<u>14,300</u>	<u>25,371</u>
Revenues over (under) expenditures	(27,281)	(27,281)	3,949	31,230
Fund balance, beginning of year	<u>27,281</u>	<u>27,281</u>	<u>32,586</u>	<u>5,305</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 36,535</u>	<u>\$ 36,535</u>